

For: Cotton State and County Offices

2000 Crop Year Beneficial Interest Provisions

Approved by: Deputy Administrator, Farm Programs



1 Overview

A**Background**

The Agricultural Risk Protection Act of 2000 (ARPA), Section 206, amended the Federal Agriculture Improvement and Reform Act of 1996 to provide loan deficiency payments (LDP's) to producers who produced upland cotton on a farm not covered by PFC. Section 206(c) provided for a transition period concerning beneficial interest for such LDP's. Notice LP-1762, obsoleted by Notice LP-1767, provided instructions for calculating LDP's on contract commodities produced on a farm with no PFC.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (2001 Act) contained several provisions extending eligibility for marketing assistance loans and LDP's. These provisions included transition periods for beneficial interest as follows:

- Section 837 provided for an increase in 2000 crop year payment limitation for marketing assistance loans and LDP's and a beneficial interest transition period

Note: FSA has determined that the beneficial interest transition period will be from date harvested through 30 calendar days after the date of filing regulations for public inspection at the Office of Federal Register (OFR).

- Section 845 provided for an exemption to DCIA requirements for marketing assistance loans and LDP's and a beneficial interest transition period from March 21, 2000, through October 27, 2000.

Continued on the next page

Disposal Date

January 1, 2002

Distribution

State Offices; State Offices relay to applicable
County Offices

Notice CN-920

1 Overview (Continued)

A

Background (Continued)

For ease of administration, 1 beneficial interest transition period will apply for the 2000 crop year marketing assistance loans and LDP's. The beneficial interest transition period for payment limitation provides broad coverage and will be the effective transition period for the 2000 crop year.

B

Purpose

This notice informs State and County Offices of:

- exemptions to the beneficial interest provisions
 - transition period for beneficial interest requirements
 - instructions for determining the LDP rate
 - further clarification of key provisions.
-

2 Special Provision for Crop Year 2000

A

Beneficial Interest Waiver

Subject to certain conditions, a producer who is otherwise eligible to receive a payment, will be allowed to receive a marketing loan gain or LDP on any eligible crop produced in 2000, even though the producer has already marketed the commodity.

The conditions are as follows:

- no one has previously received such payments for the cotton, the producer seeking payment was the actual producer of the cotton, and the producer had beneficial interest in the cotton at the time of the marketing or redemption of the cotton
 - the producer will receive the payment as a marketing loan gain if the cotton was previously pledged for a loan in which case the rate to be paid will be determined as of the date of redemption
 - the producer will receive the payment as a loan deficiency payment if the cotton was not pledged as collateral for a loan in which case the amount to be paid will be determined as of the date the producer marketed the cotton
 - the cotton was harvested and marketed during the transition period.
-

Continued on the next page

2 Special Provision for Crop Year 2000 (Continued)

B

Transition Period

The beneficial interest transition period for 2000 crop year marketing assistance loans and LDP's will be from the beginning of the crop year to the date that is 30 calendar days after the date of filing regulations at OFR.

Future CN and LP notices will be issued with the ending date of beneficial interest transition period.

3 LDP Payments and Requests

A

LDP Rate

Eligible producers shall be provided the LDP rate determined according to 7-CN.

Note: The date the cotton was sold is defined as the date beneficial interest was lost.

B

LDP Requests

Producers who meet any of the 4 beneficial interest exemptions in subparagraph 2 A who did not file LDP requests may:

- request LDP's and marketing assistance loans in the normal manner
 - apply anytime before final loan availability date.
-

C

Producers Who Have Filed LDP Requests

For eligible producers who filed an LDP request that is pending payment, but subsequently marketed a quantity of eligible 2000 crop cotton, County Offices shall process the requests using the LDP rate according to this notice .

If beneficial interest has not been lost, use the LDP rate in effect as of the date of the original LDP request.

Continued on the next page

3 LDP Payment and Requests (Continued)

D

Producers Who Did Not File LDP Requests

For eligible producers who have already marketed a quantity of eligible 2000 crop cotton and did not receive LDP for any reason, County Offices shall allow producers to request LDP according to subparagraph B.

E

Producers Retaining Beneficial Interest

Eligible producers may now apply for LDP's or earn marketing loan gains up to the payment limitation if the producer still retains beneficial interest in eligible 2000 crop cotton, but did not:

- receive LDP or marketing loan gain because of:
 - payment limitation
 - any other reason
 - request a marketing assistance loan or LDP because they could not self-certify as not having a nontax Federal Debt under the Debt Collection Improvement Act.
-

4 State Office Action

A

Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
 - instruct County Offices to notify producers immediately of the contents of this notice using all available sources.
-

5 County Office Action

A

Producer Notification

County Offices shall notify all producers immediately of the contents of this notice using all available sources.

B

DCIA Flags

County Offices shall ensure all delinquent borrowers are flagged in the name and address file.

Continued on the next page

5 County Office Action (Continued)

C

Denied Market Gain on a Marketing Loan Repayment

For producers who were not afforded the opportunity to repay a 2000 crop year loan at the marketing loan repayment rate because they exceeded the payment limitation involving a loan repayment transaction, County Offices shall:

- identify the applicable loans
 - correct the applicable loan repayment transaction using the correction software in the automated price support system (APSS).
-

D

Denied LDP Amount

For producers who were denied LDP on a portion of a quantity requested because of payment limitation, before the change in limitation, County Offices shall:

- correct the LDP transaction using APSS
 - use the original LDP rate.
-

E

Pending Requests for Relief

For producers who have requests for relief or appeals involving payment limitation or beneficial interest on file that have not been acted upon:

- State Offices shall return applicable requests to County Offices
- County Offices shall contact appellants informing them that, if they will withdraw the request for relief or appeal in writing, the original LDP request will be processed.

For requests for relief that:

- are withdrawn in writing, County Offices shall process the original LDP request using the LDP rate in effect on the date the cotton was sold
- are known to be at the NAD appeal level, State or County Offices shall contact the producer and inform them of this policy.

Note: The producer is responsible for contacting NAD to withdraw an appeal.

Continued on the next page

5 County Office Action (Continued)

F

**Producers Who
Have Exchanged
Loan Collateral
With Commodity
Certificates**

Corrections are not required for commodity loan certificate redemptions on any loan where a producer has already exchanged loan collateral with commodity certificates. For these cases, producers are not eligible for additional benefits according to this notice.

If producers provide production evidence for quantities marketed that exceed the original loan quantity and were not exchanged with commodity certificates, complete a new LDP according to subparagraph 2 C.
